

Education and Workforce Development Cabinet

Kentucky's jobless rate fell to 8.4 percent in September 2012

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Editor's Note: Preliminary September and revised August labor market information are included in this release.

FRANKFORT, Ky. (Oct. 18, 2012) — Kentucky's seasonally adjusted preliminary unemployment rate in September 2012 decreased to 8.4 percent from a revised 8.5 percent in August 2012, according to the Office of Employment and Training (OET), an agency of the Kentucky Education and Workforce Development Cabinet.

The preliminary September 2012 jobless rate was 1.1 percentage points below the 9.5 percent rate recorded for the state in September 2011.

The U.S. seasonally adjusted jobless rate fell to 7.8 percent in September 2012 from 8.1 percent in August 2012, according to the U.S. Department of Labor.

Labor force statistics, including the unemployment rate, are based on estimates and are compiled to measure trends rather than actually to count people working.

In September 2012, Kentucky's civilian labor force was 2,073,316, an increase of 4,515 individuals compared to the previous month.

"What is particularly reassuring is that the number of new jobs in Kentucky increased faster than the number of people entering the labor force," said economist Manoj Shanker of the OET. "The labor market is showing steady expansion."

Kentucky's seasonally adjusted nonfarm employment added 9,300 jobs in September 2012 from the previous month. On an over-the-year basis, the state's nonfarm employment has grown by 2.6 percent with the addition of 47,000 jobs.

"This is the largest month-to-month increase in nonfarm employment since December 2006 and the greatest year-over-year jump since March 2000," said Shanker.

Nonfarm data is provided by the Bureau of Labor Statistics' Current Employment Statistics program. According to this survey, seven of Kentucky's 11 major nonfarm North American Industry Classification System (NAICS) job sectors registered gains in employment, while two declined and two remained the same.

Kentucky's trade, transportation and utilities sector gained 7,500 jobs in September 2012. This is the largest sector in Kentucky with 376,900 positions, and accounts for about 20 percent of nonfarm employment. Since September 2011, jobs in this sector have increased by 13,100.

"The Conference Board's Consumer Confidence Index was up strongly in September. Optimism about the economy usually translates into greater spending and an increase in retail trade and warehousing employment and that was the case in September in Kentucky as both of those areas added jobs," said Shanker.

The leisure and hospitality sector increased by 1,800 jobs in September 2012. Since September 2011, the sector has grown by 9,900 positions. This sector includes arts, entertainment, recreation, accommodation and food services.

"Jobs in leisure and hospitality have grown steadily over the last three months particularly in the accommodation and food services subsector," said Shanker.

The government sector, which includes public education, public administration agencies and state-owned hospitals, added 700 jobs in September 2012. The sector had 800 more jobs compared to September 2011.

Construction jobs rose by 600 in September 2012 from a month ago. Since September 2011, employment in construction has fallen by 2,500 positions.

"In spite of historically low interest rates, construction employment is still tenuous and will likely remain so for the next few months," said Shanker.

Kentucky's professional and business services sector gained 400 jobs in September 2012. This category includes establishments engaged in services that support the day-to-day activities of other organizations, including temporary employment services. Since last September, jobs in the sector have increased by 16,700 or about 9 percent.

"The subsector associated with temporary employment services added 1,300 positions over the month and grew by 13,000 jobs or almost 13 percent over the year," said Shanker.

The financial activities sector rose by 300 jobs in September 2012. Compared to September a year ago businesses involved in finance, insurance, real estate and property leasing added 700 jobs.

The information sector added 100 jobs in September 2012. This segment has 1,100 more positions compared to September 2011. The industries in this sector include traditional publishing as well as software publishing; motion pictures and broadcasting; and telecommunications.

Employment in the mining and logging sector was unchanged from August 2012 to September 2012. The number of jobs in this sector has dropped by 1,400 since last September.

The number of jobs in the other services sector, which includes repairs and maintenance, personal care services, and religious organizations, remained the same in September 2012 from a month ago. Compared to a year ago, there has been a gain of 500 jobs.

Employment in the educational and health services sector fell by 100 jobs in September 2012. The sector has posted a gain of 2,700 jobs since September 2011.

Kentucky's manufacturing sector lost 2,000 jobs in September 2012 compared to the previous month. Since September 2011, employment in manufacturing has increased by 5,400 jobs or 2.5 percent.

“Surprising as it may seem, the declines in manufacturing employment, as well as in health services, are linked to the surge in temporary employment,” said Shanker. “To cut costs in the face of stiff competition, key functions like payroll and custodial services have been out-sourced from manufacturing companies and hospitals to support services companies. The jobs are still being performed, but they are now counted in a different category.”

Civilian labor force statistics include nonmilitary workers and unemployed Kentuckians who are actively seeking work. They do not include unemployed Kentuckians who have not looked for employment within the past four weeks.

Kentucky's statewide unemployment rate and employment levels are seasonally adjusted. Employment statistics undergo sharp fluctuations due to seasonal events, such as weather changes, harvests, holidays and school openings and closings. Seasonal adjustments eliminate these influences and make it easier to observe statistical trends. However, because of the small sample size, county unemployment rates are not seasonally adjusted.

Learn more about the Office of Employment and Training at www.workforce.ky.gov.